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Macroeconomic policy questions: international financial system and development

Jamaica:* draft resolution

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003 and 59/222 of 22 December 2004,

Recalling also the United Nations Millennium Declaration[1] and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[3]

Recalling further section II on development of the 2005 World Summit Outcome,[4]

Emphasizing that the international financial system should further sustain economic growth and support sustainable development and hunger and poverty eradication, while allowing for the coherent mobilization of all sources of financing for development, including the mobilization of domestic resources, international

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[4] See resolution 60/1.

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investment flows, official development assistance and external debt relief and cancellation, and an open, equitable, rule-based, predictable and non-discriminatory global trading system,

Reiterating that good governance at the international level is fundamental for achieving sustainable development and meeting the objectives of hunger and poverty eradication and that in order to ensure a dynamic and enabling international economic environment, it is important to promote global economic governance through addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries and reiterating also, to this effect, the need for the international community to take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, a comprehensive solution to the external debt problem and increasing market access for developing countries,

Stressing that enhancing the voice and participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting processes, including those in the Bretton Woods institutions and other economic and financial institutions and ad hoc groupings, is of vital importance and expressing concern over the lack of progress towards reforming the international financial architecture,

Recognizing the urgent need to enhance the governance, coherence and consistency of the international monetary, financial and trading systems, and the importance of ensuring their transparency, fairness and inclusiveness,

Emphasizing the need for additional stable and predictable financing to help developing countries undertake investment plans to achieve internationally agreed development goals, including the Millennium Development Goals,

Reaffirming that every country has the right to development,

Reiterating the need to strengthen the leadership role of the United Nations in promoting development,

1. *Takes note* of the report of the Secretary-General;[5]

2. *Notes with concern* that the growth of the global economy is likely to decelerate in 2006, impacting the ability of developing countries to achieve internationally agreed development goals, including the Millennium Development Goals, and, noting that economic growth should be further strengthened and sustained, stresses the importance of cooperative efforts by all countries and institutions to cope with the risks of financial instability and imbalances;

3. *Urges* multilateral financial institutions to place development at the centre of their strategies and policies;

4. *Expresses concern* that developing countries as a whole experienced a net outflow of financial resources towards developed countries in 2004 for the eighth consecutive year and underscores the need for measures, as appropriate, at the international, regional and national levels to address this issue, including increasing the stability of the international financial system and providing more attractive means to access liquidity in periods of turbulence;

[5] A/60/163.

5. *Underlines* the importance of promoting international financial stability and sustainable growth, and welcomes the efforts undertaken to this end by the International Monetary Fund and the Financial Stability Forum, as well as the consideration by the International Monetary and Financial Committee of ways to sharpen tools designed to promote international financial stability and enhance crisis prevention, inter alia, through an even-handed implementation of surveillance, including at the regional level, and a sharpening of surveillance of capital markets and systemically and regionally important countries, with a view, inter alia, to the early identification of problems and risks, integrating debt sustainability analysis, the fostering of appropriate policy responses, the possible provision of financing and other instruments designed to prevent the emergence or spread of financial crises, and further improvements in the transparency of macroeconomic data and statistical information on international capital flows;

6. *Stresses* the need for multilateral surveillance to remain at the centre of crisis prevention efforts and that surveillance should focus not only on crisis-prone countries but increasingly on the stability of the system as a whole, with special emphasis on the policy consistency of the economies of developed countries and, in particular, the implications of those policies for developing countries and the international economic environment;

7. *Reiterates* that measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered;

8. *Notes* the impact of financial crises and risks of contagion on developing countries and underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources including technical assistance with which to respond in a timely and appropriate manner to such crises;

9. *Encourages* the International Monetary Fund and the World Bank to incorporate increased policy flexibility into structural adjustment programmes so as to accommodate appropriate counter-cyclical policies;

10. *Calls upon* the international financial and banking institutions to consider streamlining and enhancing the transparency of risk-rating mechanisms with a view to making them more development-oriented and invites the United Nations Conference on Trade and Development to prepare a report on the issue and to present it at the 2006 special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the Conference;

11. *Stresses* that international cooperation initiatives to promote business activities and financial stability and to strengthen the regulatory systems of the corporate, financial and banking sectors should encourage flows of capital to developing countries;

12. *Reaffirms* the commitment to broaden and strengthen the voice and participation of developing countries in international economic decision-making and norm-setting, stresses the importance of advancing current efforts to reform the international financial architecture, taking into account the progress in the context of International Monetary Fund quota review during the Thirteenth General Review, and invites the Fund and the World Bank to present a progress report on the issue of enhanced voice and participation of developing countries in their decision-making

process at the 2006 special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development;

13. *Emphasizes* that it is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes and underscores the need to ensure their implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion;

14. *Takes note* of the proposal to use special drawing rights allocation for development purposes and invites further consideration in that regard;

15. *Invites* the multilateral and regional development banks and development funds to continue to play a vital role in serving the development needs of developing countries, in particular least developed countries, including through coordinated action, as appropriate, and stresses that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and are an essential source of knowledge and expertise for their developing-country members;

16. *Calls for* the continued effort of the multilateral financial institutions, in providing policy advice, technical assistance and financial support to member countries, to work on the basis of nationally owned reform and development strategies, to pay due regard to the specific local conditions, special needs and implementing capacities of developing countries, and to minimize the negative impacts of the adjustment programmes on the vulnerable segments of society, while taking into account the importance of gender-sensitive employment and hunger and poverty eradication policies and strategies;

17. *Stresses* the need to continuously improve standards of corporate and public sector governance, including accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

18. *Requests* the Secretary-General to submit a report to the General Assembly at its sixty-first session on the implementation of the present resolution;

19. *Decides* to include in the provisional agenda of its sixty-first session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".